

OPEN MEETING ITEM
ORIGINAL



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COMMISSIONERS
JEFF HATCH-MILLER - Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG



ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission
DOCKETED

AUG 29 2006

DATE: August 29, 2006

DOCKET NOS.: T-03887A-05-0909 and T-20436A-05-0909

DOCKETED BY	nr
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TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Amy Bjelland. The recommendation has been filed in the form of an Order on:

ALLTEL COMMUNICATIONS, INC. and ALLTEL HOLDINGS CORPORATION
SERVICES, INC. nka WINDSTREAM COMMUNICATIONS, INC.

(CC&N TRANSFER)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by 4:00 p.m. on or before:

SEPTEMBER 7, 2006

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

SEPTEMBER 19 AND 20, 2006

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

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BRIAN C. McNEIL
EXECUTIVE DIRECTOR

1
2 **BEFORE THE ARIZONA CORPORATION COMMISSION**

3 COMMISSIONERS

4 JEFF HATCH-MILLER Chairman
5 WILLIAM A. MUNDELL
6 MIKE GLEASON
7 KRISTIN K. MAYES
8 BARRY WONG

9 IN THE MATTER OF THE JOINT APPLICATION
10 OF ALLTEL COMMUNICATIONS, INC. AND
11 ALLTEL HOLDING CORPORATE SERVICES,
12 INC. FOR APPROVAL OF THE TRANSFER OF
13 THE CERTIFICATE OF CONVENIENCE AND
14 NECESSITY TO PROVIDE RESOLD LONG
15 DISTANCE TELECOMMUNICATIONS
16 SERVICES AND ASSETS TO ALLTEL HOLDING
17 CORPORATE SERVICES, INC., APPROVAL OF
18 TERMINATION OF SERVICE AND LIMITED
19 WAIVER OF THE SLAMMING RULES.

DOCKET NO. T-03887A-05-0909
DOCKET NO. T-20436A-05-0909

DECISION NO. _____

ORDER

20 Open Meeting
21 September 19 and 20, 2006
22 Phoenix, Arizona

23 **BY THE COMMISSION:**

24 Having considered the entire record herein and being fully advised in the premises, the
25 Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

26 **FINDINGS OF FACT**

27 1. On December 22, 2005, Alltel Communications, Inc. ("ACI") and Alltel Holdings
28 Corporate Services, Inc., now known as Windstream Communications, Inc.¹ ("Windstream") (jointly,
"Applicants") filed an application requesting:

- Approval of the transfer of ACI's Certificate of Convenience and Necessity ("CC&N") to provide resold long distance service to Windstream;
- Approval of the transfer of long distance customers from ACI to Windstream;
- Approval of the termination of resold long distance service by ACI upon the transfer of the CC&N; and

¹ On June 15, 2006, Applicants filed a supplement to the Application which noted that Alltel Holdings Corporate Services, Inc. had changed its name to Windstream Communications, Inc.

- The granting of a limited waiver of the Commission's Slamming Rules.

2. ACI is a Delaware corporation and a wholly owned subsidiary of Alltel Corporation ("Alltel"). ACI currently holds an Arizona CC&N to provide resold long distance services pursuant to Decision No. 63937 (August 6, 2001).

3. Windstream is a newly formed wholly owned subsidiary of Alltel. Alltel is currently in the process of spinning off its wireline telecommunications business, but intends to retain ACI as its subsidiary; however, Windstream will become a subsidiary of a separate publicly traded holding company.

4. On July 19, 2006, the Commission's Utilities Division ("Staff") filed a Staff Report recommending approval of the Application.

5. Staff stated that ACI indicated that it provided resold long distance service to 3072 residential and 2240 business customers, none of whom receive service under contract. This enables ACI to change the service provider with no early termination penalty. ACI bills in arrears and therefore holds no prepayments.

6. ACI requested that its resold long distance CC&N be transferred to Windstream and that ACI be authorized to discontinue its long distance service in Arizona. Applicants stated that Windstream will provide the same telecommunications services to ACI's customers, that customers will continue to receive their existing telecommunications services at the same rates, terms, and conditions, and that the only change apparent to customers will be in the change of name of the customers' service provider. Applicants stated that from the customers' point of view, the transfer will be transparent and the service will be seamless and uninterrupted. Windstream submitted a proposed tariff under its name that is identical to the current Alltel tariff on file with the Commission.

7. In accordance with A.A.C. R14-2-1107, ACI provided notice to its customers in May and June 2006 via a letter, a sample of which was provided with ACI's application. Unless the notified customers elect to change carriers after receipt of the notice, they will be transferred to Windstream and will continue to receive resold long distance service at the same rates, terms and conditions as they presently receive. ACI stated that all of its customers are on month-to-month service arrangements and can transfer to another long distance carrier upon request.

1 8. Staff noted that ACI holds no deposits or prepayments, and that Windstream will
2 honor any existing ACI prepaid calling cards. Staff further noted that numerous other providers offer
3 long distance service in Arizona.

4 9. The Applicants seek a limited waiver of the Commission's Slamming Rules in
5 connection with the transfer of ACI's Arizona customers to Windstream. ACI and Windstream stated
6 that they will comply with the Federal Communications Commission's ("FCC") slamming rules
7 regarding the transfer of the subscriber base by providing notice to the FCC and to customers. The
8 Applicants seek assurance that each transfer of an ACI customer to Windstream is not an
9 "unauthorized change" under the Arizona Slamming Rules, and noted that limited waivers such as the
10 one requested in this docket were previously granted by the Commission for SBC Telecom, Inc., in
11 Decision No. 67827 (May 5, 2005) and for XO Arizona, Inc., in Decision No. 67460 (January 4,
12 2005).

13 10. The Applicants stated that neither Windstream nor its officers or directors have been
14 or are currently subject to any formal or informal complaint proceedings before any state or federal
15 regulatory agency, and that neither Windstream nor its officers or directors have been or are currently
16 involved in any civil or criminal investigations, or have had judgments entered in any civil matter,
17 judgments levied by any administrative or regulatory agency or been convicted of any criminal acts
18 within the last ten years.

19 11. Windstream does not require deposits or prepayments for its service.

20 12. Windstream does not currently offer resold long distance service in any state and does
21 not have financial statements for the past two years because it is a recently formed entity.
22 Windstream will rely on the financial resources of its parent company, Valor Communications
23 Group. Windstream does not have an Arizona-specific estimate of its projected total revenues and
24 expenses for the first twelve months of operation, nor does it nor will it have any physical assets in
25 Arizona during the first twelve months of operations.

26 **Staff's Recommendations**

27 13. Staff recommended that Windstream be granted a CC&N to provide resold
28 interexchange service. Staff further recommended approval of Windstream's requested waiver of the

Commission's Slamming Rules in this matter. Staff further recommended cancellation of ACI's CC&N to provide telecommunications services in the State of Arizona. Staff further recommended the following:

(a) Windstream should be ordered to comply with all Commission rules, orders, and other requirements relevant to the provision of intrastate telecommunications service;

(b) Windstream should be ordered to maintain its accounts and records as required by the Commission;

(c) Windstream should be ordered to file with the Commission all financial and other reports that the Commission may require, and in a form and at such times as the Commission may designate;

(d) Windstream should be ordered to maintain on file with the Commission all current tariffs and rates, and any service standards that the Commission may require;

(e) Windstream should be ordered to comply with the Commission's rules and modify its tariffs to conform to these rules if it is determined that there is a conflict between the Applicant's tariffs and the Commission's rules;

(f) Windstream should be ordered to cooperate with Commission investigations, including, but not limited to, customer complaints;

(g) Windstream should be ordered to participate in and contribute to the Arizona Universal Service Fund, as required by the Commission;

(h) Windstream should be ordered to notify the Commission immediately upon changes to Windstream's name, address or telephone number;

(i) Windstream should be ordered to immediately certify to the Commission that it does not block access to alternative telecommunications providers by its customers via 101XXXX dialing;

(j) If at some future date, Windstream wants to collect from its customers an advance, deposit, and/or prepayment, Staff recommends that Windstream be required to file an application with the Commission for Commission approval. Such application must reference the Decision Number in this docket and must explain the applicant's plans for procuring a performance bond;

(k) Windstream's interexchange service offerings should be classified as competitive pursuant to A.A.C. R14-2-1108;

(l) The maximum rates for these services should be the maximum rates proposed by Windstream in its proposed tariffs. The minimum rates for the Applicant's

competitive services should be the Applicant's total service long run incremental costs of providing those services as set forth in A.A.C. R14-2-1109;

(m) In the event that Windstream states only one rate in its proposed tariff for a competitive service, the rate stated should be the effective price to be charged for the service as well as the service's maximum rate; and

(n) In the event Windstream requests to discontinue and/or abandon its service area it must provide notice to both the Commission and its customers in accordance with A.A.C. R14-2-1107.

14. Applicant will not collect advances, prepayments or deposits from customers.

15. The rates proposed by this filing are for competitive services.

16. Staff's recommendations as set forth herein are reasonable, and Windstream should file with Docket Control, as a compliance item in this docket, the certification required in Finding of Fact No. 13(i) within 60 days of this Decision.

17. Applicant's fair value rate base is zero.

CONCLUSIONS OF LAW

1. Applicants are public service corporations within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

2. The Commission has jurisdiction over Applicants and the subject matter of the application.

3. Notice of the application was given in accordance with the law.

4. Transfer of ACI's CC&N is in the public interest

5. Windstream's provision of resold interexchange telecommunications services is in the public interest.

6. Windstream is a fit and proper entity to receive a CC&N as conditioned herein for providing competitive resold interexchange telecommunications services in Arizona.

7. Staff's recommendations are reasonable and should be adopted.

8. Windstream's fair value rate base is not useful in determining just and reasonable rates for the competitive services it proposes to provide to Arizona customers.

9. Windstream's rates, as they appear in its proposed tariffs, are just and reasonable and should be approved.

ORDER

IT IS THEREFORE ORDERED that the application of Alltel Communications, Inc. and Windstream Communications, Inc. for approval of the transfer of Alltel Communications, Inc.'s Certificate of Convenience and Necessity to provide resold long distance telecommunications services and assets to Windstream Communications, Inc., shall be, and hereby is, granted, conditioned upon compliance with the requirements set forth in Finding of Fact No. 13, above.

IT IS FURTHER ORDERED that Staff's recommendations set forth in Finding of Fact No. 13 above are hereby adopted.

IT IS FURTHER ORDERED that Windstream Communications, Inc. shall comply with the adopted Staff recommendations as set forth in Finding of Fact No. 13 above.

IT IS FURTHER ORDERED that Windstream Communications, Inc. shall file with Docket Control, as a compliance item in this docket, the certification required in Finding of Fact No. 13(i) within 60 days of this Decision.

IT IS FURTHER ORDERED that Alltel Communications, Inc. shall be, and hereby is, granted a waiver of the Commission's slamming rules, A.A.C. R14-2-1901 *et seq.*, for the purposes of transferring customers to Windstream Communications, Inc. as described in the Application.

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1 IT IS FURTHER ORDERED that Windstream Communications, Inc. shall not require its
2 Arizona customers to pay advances, prepayments or deposits for any of its products or services.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.
5
6

7 CHAIRMAN

COMMISSIONER

10 COMMISSIONER

COMMISSIONER

COMMISSIONER

12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
13 Director of the Arizona Corporation Commission, have
14 hereunto set my hand and caused the official seal of the
Commission to be affixed at the Capitol, in the City of Phoenix,
this ____ day of _____, 2006.

17 BRIAN C. McNEIL
18 EXECUTIVE DIRECTOR

19
20 DISSENT _____

21
22 DISSENT _____

23 AB:mj
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1 SERVICE LIST FOR:

ALLTEL COMMUNICATIONS, INC. AND ALLTEL
HOLDING CORPORATE SERVICES, INC.

2
3 DOCKET NO.:

T-03887A-05-0909 and T-20436A-05-0909

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